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EXAMINER

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UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

Ex parte RON GONEN, FRANK YANG, and DAVID YANG

Appeal 2016-005362¹
Application 12/435,587²
Technology Center 3600

Before HUBERT C. LORIN, JAMES A. WORTH, and
ROBERT J. SILVERMAN, *Administrative Patent Judges*.

WORTH, *Administrative Patent Judge*.

DECISION ON APPEAL
STATEMENT OF THE CASE

Appellants appeal under 35 U.S.C. § 134(a) from the Examiner's Final Rejection of claims 1–20, which constitute all the claims pending in this application. We have jurisdiction under 35 U.S.C. §§ 134 and 6(b).

We AFFIRM.

¹ Our decision refers to the Appellants' Appeal Brief ("Appeal Br.," filed Oct. 23, 2015) and Reply Brief ("Reply Br.," filed May 2, 2016), and the Examiner's Final Office Action ("Final Act.," mailed Mar. 11, 2015) and Answer ("Ans.," mailed Mar. 2, 2016).

² According to Appellants, the real party in interest is RecycleBank LLC (App. Br. 3).

Introduction

Appellants' application relates to "a point source asset system and method thereof [and more specifically] for managing an incentive-based environmentally-conscious behavior program" (Spec. ¶ 2).

Claims 1, 7, and 14 are the independent claims on appeal. Claim 1, reproduced below, is illustrative of the subject matter on appeal:

1. A system comprising:

an accessible server, the accessible server comprising a communication interface with a computer network;

a database coupled to the accessible server, the database comprising a non-human administrative toolset, communicably accessible via a computer network;

an entity account corresponding to a consumer entity, the entity account being stored on the database;

an environmentally-conscious sub-program to promote recycling efforts as part of a waste management program, comprising a point-source asset, associated with the entity account;

a computer associated with the environmentally-conscious sub-program;

a monitor coupled to the computer and configured to monitor point-source asset activity within the environmentally-conscious sub-program;

a correlation module coupled to the computer and configured to correlate the monitored point-source asset activity to a credit value; and

a grant module coupled to the computer and configured to grant to the entity account a credit value determined by the correlation module.

(App. Br., Claims App.)

Rejections on Appeal

The Examiner maintains, and Appellants appeal, the following rejections:

- I. Claims 1–20 stand rejected under 35 U.S.C. § 101 as being directed to non-statutory subject matter.
- II. Claims 1, 4–7, 11–14, and 17–19 stand rejected under (pre-AIA) 35 U.S.C. § 103(a) as being unpatentable over Krupowicz (US 2005/0038572 A1, pub. Feb. 17, 2005), Wagner (US 2004/0199545 A1, pub. Oct. 7, 2004), and Berry (US 2004/0167799A1, pub. Aug. 26, 2004).
- III. Claims 2, 3, 8–10, 15, 16, and 20 stand rejected under (pre-AIA) 35 U.S.C. § 103(a) as being unpatentable over Krupowicz, Wagner, Berry, and Hiranoya (US 2006/0271423 A1, pub. Nov. 30, 2006).

ANALYSIS

Rejection I (Unpatentable Subject Matter)

The Court in *Alice* emphasized the use of a two-step framework for analysis of patentability under 35 U.S.C. § 101:

First, we determine whether the claims at issue are directed to one of those patent-ineligible concepts. If so, we then ask, “[w]hat else is there in the claims before us?” To answer that question, we consider the elements of each claim both individually and “as an ordered combination” to determine whether the additional elements “transform the nature of the claim” into a patent-eligible application.

See Alice Corp., Pty. Ltd. v CLS Bank Intl, 134 S. Ct. 2347, 2355 (2014) (citing *Mayo Collaborative Servs. v. Prometheus Labs., Inc.*, 132 S. Ct. 1289 (2012)).

The Examiner determines that the steps or actions recited in claims 1–20 track or monitor activities (i.e., a point source asset activity associated with the environment-conscious sub-program) performed by the user in order to sort, organize, and calculate data associated with the user/account. Final Act. 5–6. The Examiner determines that the claimed invention is an abstract idea of certain methods of organizing human activities. *Id.* The Examiner further finds that the server, database, computer, modules and toolset as recited are generic computer components, which perform the functions of communicating via a network, monitoring, correlating, and granting, which the Examiner finds to be generic functions. *Id.* at 6. The Examiner finds that these are routine and conventional activities known to the industry that do not add significantly more to the abstract idea of organizing human activities. *Id.*

The Examiner also determines that claims 14–20 are directed to non-statutory subject matter because they recite a computer readable medium that is drawn to both transitory and non-transitory signals. *Id.* at 7–8. The Examiner finds that paragraph 36 of the Specification refers to “a modulated data signal.” *Id.* at 8.

As an initial matter, we determine that the Examiner has characterized the claimed invention too broadly, and we understand the claimed invention more precisely as a system for giving rewards or credits for recycling. Nevertheless, we agree with the Examiner that this is a method of organizing

human activity, and find, in addition, that it is a fundamental economic activity, e.g., as a system of barter.

Appellants argue that although the Supreme Court found that hedging is a “method of organizing activity” in *Alice*, that this determination was dicta and the hedging was only unpatentable subject matter because it is a fundamental economic practice. App. Br. 8–10 (discussing *Alice*). Appellants state that in addition to appearing in the majority opinion in *Alice*, this phrase also appears in a concurrence in *Alice* and in a concurrence in *In re Bilski*, 545 F.3d 943 (Fed. Cir. 2008). *Id.* However, the fact that the hedging in *Alice* was a “fundamental economic activity” does not mean that it is irrelevant to being a “method of organizing human activity.” *See, e.g., Richmond Screw Anchor Co. v. United States*, 275 U.S. 331, 340 (“It does not make a reason given for a conclusion in a case obiter dictum, because it is only one of two reasons for the same conclusion.”). In the final analysis, a “method of organizing human activity” is generally an abstract idea because it is part of the fundamental building blocks of human ingenuity. *See Alice*, 134 S. Ct. at 2354.

Appellants further argue that PTO guidance provides that not all methods of organizing human activity are abstract ideas and this category description is not meant to cover human operation of machines. App. Br. 10 (citing July 2015 Update: Subject Matter Eligibility published on July 30, 2105 (“IEG Update”) to 2014 Interim Guidance on Patent Subject Matter Eligibility published on December 16, 2014, Federal Register / Vol. 79, No. 241 (“IEG”)). Appellants assert that the IEG Update states that the phrase “certain methods of organizing human activity” is used to describe concepts relating to interpersonal and intrapersonal activities, such as managing

relationships or transactions between people, social activities, and human behavior; satisfying or avoiding a legal obligation; advertising, marketing, and sales activities or behaviors; and managing human mental activity. *Id.* However, we agree with the Examiner that the claimed method of organizing human activity is abstract inasmuch as it relates to managing relationships or transactions between people. Further, as above, we determine that it is also a fundamental economic practice, e.g., as part of a barter economy.

Appellants argue that the claimed covers human operation of machines, which cannot be performed using pen and paper, i.e., monitoring using an administrative toolset and granting using an administrative toolset, as variously recited. *See* App. Br. 10; Reply Br. 4. Appellants further argue that the claimed invention improves the environmental technology by providing particular mechanisms to accurately correlate monitored point-source asset activity to a credit value. App. Br. 12. However, we agree with the Examiner that the claimed invention does not refer to anything more than generic computer structures and that Appellants do not explain the nature of the improvement in technology. *See* Final Act. 5; Ans. 3; *see also* Spec., Fig. 2. As such, the improvement at most would be one in the environment itself based on an abstract idea of recycling rather than an improvement rooted in computer science. *See DDR Holdings, LLC v. Hotels.com, L.P.*, 773 F.3d 1245 (Fed. Cir. 2014). Ans. 3. Based on a review of the additional limitations, taken individually, and as a whole, we determine that the additional limitations of claims 1–20 are directed to the same abstract idea of a reward program and do not add significantly more to remove the claims from the realm of the abstract.

Appellants further argue that the claims at issue do not create any risk of pre-emption because many other methods of performing the action are available without practicing the recited invention. Reply Br. 5. However, a showing of pre-emption is not required for a determination that an idea is directed to non-patentable subject matter. *Ariosa Diagnostics, Inc. v. Sequenom, Inc.*, 788 F.3d 1371, 1377 (Fed. Cir. 2015) (“Where a patent’s claims are deemed only to disclose patent ineligible subject matter under the *Mayo* framework, as they are in this case, preemption concerns are fully addressed and made moot.”).

Accordingly, we sustain the Examiner’s rejection under § 101 of claims 1–20.

The Examiner has also rejected claims 14–20 under § 101 as being directed to computer-readable media that cover both transitory and non-transitory signals. Final Act. 7–8. *See generally Ex parte Mewherter*, Appeal 2012-007692, 2013 WL 4477509, at *7 (PTAB 2013) (precedential). Appellants have not addressed this issue in their Appeal Brief, and we summarily affirm the Examiner’s rejection under § 101 of claims 14–20 for this reason as well. *See* 37 C.F.R. § 41.37(c)(1)(iv) (arguments not raised in appeal brief are waived).

Rejections II–III (Obviousness)

Claims 1, 4–7, 11–14, and 17–19

Appellants have argued claims 1, 4–7, 11–14, and 17–19 as a group. We take independent claim 1 as representative, such that claims 4–7, 11–14, and 17–19 stand or fall therewith. *See* 37 C.F.R. § 41.37(c)(1)(iv).

Appellants argue that Berry fails to disclose “an environmentally-conscious sub-program to promote recycling efforts as part of a waste management program, comprising a point-source asset, associated with the entity account,” as recited in claim 1. Appellants argue that Berry fails to disclose an “entity account” because Berry merely discloses providing a recycling credit to a customer account and that Berry’s financial account is not “part of the system.” App. Br. 15 (citing Berry ¶¶ 44–46); Reply Br. 7–8. However, the Examiner relies on Berry in combination with the computer system of Wagner and Krupowicz, as follows.

The “entity account” that receives the recycling credit is recited in a prior paragraph of independent claim 1 as being stored on a database, i.e., “an entity account corresponding to a consumer entity, the entity account being stored on the database.” The Examiner relies on Wagner for the recited database (in combination with the computer system of Krupowicz). Final Act. 9 (citing Wagner ¶ 64). Paragraph 64 of Wagner discloses disposal units coupled to remote data processing systems comprising servers and databases. As such, Appellants’ argument that Berry’s entity account is not disclosed as part of the computer system is not persuasive because the Examiner is also relying on the computer system of Krupowicz, as modified by Wagner. The Examiner reasons that it would have been obvious to combine Berry’s teaching of a recycling program with the computer systems of Krupowicz and Wagner in order to “identify a plurality of activities associated with the user account.” *See* Final Act. 10. Appellants do not challenge the Examiner’s reasoning for the combination of references. We find that the proposed combination of Krupowicz, Wagner, and Berry would have resulted in an integrated computer system, and agree with the Examiner

that it would have been obvious to combine the references to arrive at the proposed modification in order to measure the recycling activity performed by the user. *See* Ans. 11. *See also* Berry Fig. 3.

Accordingly, we sustain the Examiner's rejection under § 103 of claims 1 and 4–7, 11–14, and 17–19.

Claims 2, 3, 8–10, 15, 16, and 20

Appellants do not argue the rejection of claims 2, 3, 8–10, 15, 16, and 20 separately from that of claims 1, 7, and 14, from which they depend. Therefore, we sustain the Examiner's rejection under § 103 of claims 2, 3, 8–10, 15, 16, and 20, for the same reasons as for independent claims 1, 7, and 14.

DECISION

The Examiner's decision to reject claims 1–20 is affirmed.

AFFIRMED